



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Sara L. Hensley

SUBJECT: SEE BELOW

DATE: April 29, 2004

Approved

Date

COUNCIL DISTRICT: Citywide

**SUBJECT: FINAL HEARING FOR THE CONSOLIDATED PLAN ANNUAL ACTION
PLAN FOR FY 2004-05 – SUPPLEMENTAL REPORT**

REASON FOR SUPPLEMENTAL REPORT

Because the draft Consolidated Annual Action Plan 2004-2005 was still in the initial 30-day public comment period, staff waited until near the close of the comment period in order to submit a full report of the comments made, staff responses, and final changes to the document. This supplemental memo also serves to provide the Mayor and Council additional information related to changes made to the Emergency Shelter Grant (ESG) funding recommendations.

RECOMMENDATION

It is recommended that:

1. The City Council adopt the 2004-2005 Consolidated Plan Annual Action Plan, including FY 2004-2005 proposed recommendations for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnership Program (HOME), the Housing Opportunities for People with HIV/AIDS (HOPWA) Program, and the Emergency Shelter Grant (ESG) Program.
2. Authorize the Director of Parks, Recreation and Neighborhood Services to negotiate and execute all agreements and contracts, including any amendments or modifications, for the expenditure of CDBG funds on behalf of the City.
3. Approve the Emergency Shelter Grant (ESG) Program funding recommendations (Attachment B).
4. Authorize the Director Housing to negotiate and execute all agreements and contracts, including any amendments or modifications, for the expenditure of ESG, HOME and Housing Opportunities for People with HIV/AIDS (HOPWA) funds on behalf of the City.

CONCLUSION

Public Comments

As illustrated on Attachment A, the public comments were taken via mail, e-mail and public meetings beginning April 5, 2004. The attached chart shows all the public comments received to date and the City staff's response to these comments and questions. Additionally, any subsequent changes made to the draft Consolidated Annual Action Plan during the 30-day review are reflected in the chart.

Emergency Shelter Grant (ESG)

The ESG Committee, comprised of the Housing Trust Fund Oversight Committee members, met on April 1st and April 19th to review the ESG award recommendations. The final recommendations are outlined in Attachment B. Those organizations not receiving funding were not recommended for one of the following reasons. Clara Mateo Alliance proposed services outside of the City of San José; Second Start Learning Disabilities, Inc. had no matching funds; staff indicated concerns regarding St. Vincent de Paul's past performance; and Health Trust, d.b.a. Health Connections, are receiving funding from another City administered funding source.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office.

CEQA

Not a project.


LESELYE CORSIGLIA
Director of Housing


SARA L. HENSLEY
Director of Parks, Recreation, &
Neighborhood Services

Attachments

30 –DAY PUBLIC COMMENT PERIOD SUMMARY OF RESPONSES

The following comments and responses were taken at the **Housing Advisory Commission** on April 8, 2004.

| <i>Public Comment</i> | <i>City Response</i> |
|--|--|
| (Page 8) Saul Wachter, the Affordable Housing Network (AHN) stated that under State and Local Resources the section references ELI as a use of 85% of its funding, but noted that this is not accurate since the Housing Allocation Policy does not state this as a use. | The City's Housing Allocation Policy provides that a minimum of 60% of available housing funds go to households earning incomes of less than 50% of median (very low income). Twenty-five percent of the funds are set aside for low-income households, and a maximum of 15% is set aside for moderate income households. While there is no specific setaside in the policy for ELI housing (those households earning 30% of median income or below), the City has made a commitment to fund those projects that target families most in need—especially those families in the ELI category. We do not believe that by calling out this priority for ELI housing in the Consolidated Plan it is necessary to revise the City's Housing Allocation Policy. |
| (Page 12) Saul Wachter, AHN, asked why the Housing Department did not include reference to the new NOFA process established by the City. | Information regarding the City's new NOFA process has been added to the Consolidated Plan. |
| (Page 13) Saul Wachter, AHN, noted that the chart on page 13, which calculates each housing project by Council District, didn't seem to support the City's Dispersion Policy. Additionally, it was noted that, it would be helpful to have the information in the dispersion chart broken down by the number of units, by income category, in each Council District. | Language has been added to the ConPlan under the Dispersion Policy section giving more detail about the purpose and goal of the policy. The Dispersion Policy does not track developments by Council District. Rather, the City's dispersion policy is a positive statement that encourages development of affordable housing throughout the City; specifically the policy seeks to target at least 85% of affordable housing financed by the City in areas located outside of "impacted census tracts." An impacted census tract is one where over 50% of the residents have incomes in the low-income range (currently, those households with incomes at 77% of median income). Current figures indicate that 96% of the City's affordable housing is located outside of impacted census tracts. |
| (Page 21) Commissioner Ordonez asked why the proposed funding under the ESG funding recommendations was higher than the funding requested by the Bill Wilson Center. | The dollar amount for the Bill Wilson Center has changed to \$22,000 after further deliberation by the ESG Committee. While this amount is an increase from FY 2003-04 funding, it is not an increase over the Center's 2004-05 request. |

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|---|--|
| (Page 30) Commissioner Colacicco suggested that under the American Dream Downpayment Initiative (ADDI), the City consider using these limited dollars for closing costs instead of strictly for downpayment assistance. | Housing Department staff is currently developing a plan for award of the new federal ADDI funding. The Consolidated Plan will be amended to include both downpayment assistance and closing costs as an eligible use of these funds in an effort to allow for as much flexibility as possible. |
|---|--|

The following comments were and responses were taken from the **Mobilehome Advisory Commission** on April 8, 2004

| <i>Public Comment</i> | <i>City Response</i> |
|--|---|
| (Page 31) Commissioner Hirsch, commented that the American Dream Downpayment Act specifically authorizes the use of the money it appropriates through CDBG to assist purchasers of manufactured homes (mobilehomes) on leased land with their downpayment. And as a Commission, it is recommend that the Consolidation Plan be amended to include a recommendation that some reasonable portion of the monies coming to the City of San Jose as a result of the American Dream Downpayment Act be set aside for purchasers of manufactured homes (mobilehomes) on leased land. | The Housing Department will include language that permits the use of ADDI funds for this purpose, subject to the terms indicated in the ADDI statute and program regulations. However, the Department does not believe that it is appropriate to set aside a portion of money at this time, given the limited amount of ADDI funds available (\$403,914) and the need to clarify the federally required terms for such a program. |

The following comments and responses were taken at the **San Jose City Council meeting on April 6, 2004** and through letters/phone calls/faxes/e-mails during the 30-day public comment period.)

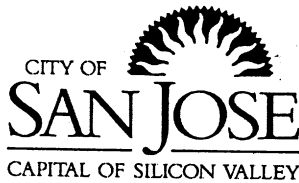
| <i>Public Comment</i> | <i>City Response</i> |
|---|---|
| (Pages 35-44) Public commented that the allocation of funds for Fair Housing were inappropriate. CDBG cut 25% to their program. The City only cut 4%. A 25% cut is too deep to maintain the program and will have a much higher impact than 25%. | Fair Housing, together with planning projects and projects to administer the CDBG program, are subject to 20% Administrative cap. All projects in this category were recommended at less than their request, including services to ensure compliance with Federally mandated requirements. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| (Pages 35-44) CDBG recommendation counter to Economic Development Strategy of the City of San Jose. No money was given to the Silicon Valley Economic Development Corporation (SVEDC) and this will directly cut service to small business. SVEDC would | A total of \$287,481 is recommended to fund three SVEDC projects. This is a reduction of approximately 23% from current funding for operations (i.e. excludes loan funds.) Reductions to SVEDC projects were made to allow funding of additional physical improvement projects. These |

| <i>Public Comment</i> | <i>City Response</i> |
|--|---|
| like to see \$150,000 restored to the program. | projects also stimulate the economy. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| Comment was made that the CDBG process was closed to all new comers. The San Jose resident complained that he would have had to attend a workshop in order to receive an application of funding. | CDBG applications were available to anyone from the web site, by email, or hard copy in the CDBG office to any one. Attendance at a workshop was strongly encouraged, but NOT a requirement to receive an application. 11 new physical improvement projects were recommended for funding. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| Saul Wachter stated that under State and Local Resources the section references ELI as a use of 85% of its funding, but noted that this is not accurate since the Housing Allocation Policy does not state this as a use. | See response above. |
| The Korean community of Silicon Valley stated that they were pleased with CDBG funding and thanked the City for funding a project in 2005-2006 and 2006-2007; however, money was also needed in 2004-2005 as well. | Some projects were "placed" or given priority funding in the second and third years of the plan in cases where the project could support a delay in funding. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| Emergency Housing Consortium (EHC) was disappointed that CDBG funding was not appropriated to the Our House project. | Request for CDBG funding were triple the amount available for allocation. Many excellent projects were not funded as a result. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| <p>Councilmember Yeager commented that the process of the CDBG Steering Committee presented many tough choices. Hearings were contentious and ultimately, the Committee felt that more money should be spent on the City's Strong Neighborhood Initiative (SNI) projects, which in turn meant fewer dollars to spread around. However, he requested that staff go back and get additional information related to the following:</p> <p>1) Look at the Fair Housing section to see if an additional \$31,000 might be found for these services.</p> | <p>1) We are identifying additional non-person funds in the Administration Category to transfer to Fair Housing. The plan will be presented to City Council in the final Consolidated Plan.</p> <p>2) We are proposing that SVED carry over unexpended funds from FY2003-04 to reduce the 04-05 funding gap to approximately 15% in line with general City reductions</p> <p>FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04.</p> |

| <i>Public Comment</i> | <i>City Response</i> |
|---|--|
| 2) Talk to Office of Economic Development (OED) to better understand what the cuts to SVEDC will mean to small businesses. | |
| Councilmember Reed requested how the changes in CBO's would be in line with the Mayor's Budget message. | The CDBG funding recommendation generally maintains CBOs at their current funding level. Where reductions in CBO funding were necessary, mitigations to the impact are being developed. FOR MORE DETAILS, PLEASE SEE SARA HENSLEY'S INFORMATION MEMO SENT TO COUNCIL ON 04-29-04. |
| Councilmember Williams asked Leslye Corsiglia, Housing Department Director, to report why VLI and ELI were not included as a part of the ConPlan. | See response above. |

Fiscal Year 2004-2005 ESG Allocation
Staff Final Recommendations
 April 26, 2004

| | | | |
|---|---|------------------|------------------|
| Emergency Housing Consortium | Provide meals and transportation to homeless families and individuals, and shelter utilities, during Cold Weather months. | \$86,000 | \$75,515 |
| Sacred Heart Community Services | Direct rental and utility assistance, and partial staff costs. | \$70,000 | \$64,075 |
| Montgomery Street Inn | Emergency shelter operating expense, to include telephone, utilities, supplies, insurance, equipment rental and/or maintenance/repair | \$50,000 | \$39,292 |
| Georgia Travis Day Center | Emergency daytime shelter operating expense, to include shelter worker salaries, utilities, insurance and program supplies. | \$45,000 | \$38,500 |
| Commercial Street Inn | Emergency shelter operating expense, to include utilities, telephone and maintenance/repairs. | \$50,000 | \$25,314 |
| AACI | Partial costs to operate an emergency shelter for battered women with children. | \$25,000 | \$13,522 |
| Community Technology Alliance | Project SHARE (Community VoiceMail and Shelter Bed Hotline) | \$40,000 | \$36,300 |
| The Unity Care Group | Emergency shelter for homeless youth and partial staff costs. | \$50,000 | \$25,094 |
| Concern for the Poor | Partial costs in operating an emergency shelter for families with children. | \$60,000 | \$49,830 |
| Next Door: Solutions to Domestic Violence | Provide food, emergency shelter and transportation to victims of domestic violence. | \$45,500 | \$25,314 |
| Bill Wilson Center | Emergency food and shelter for runaway and homeless youth. | \$25,000 | \$22,000 |
| Homeless Care Force | Feed and clothe the homeless through a mobile hot meals and warm clothing program. | \$52,750 | \$25,000 |
| Clara Mateo Alliance | Emergency shelter and services for homeless individuals, couples and families from Santa Clara County. | \$50,000 | \$0.00 |
| St. Vincent de Paul | Rental assistance for the unemployed and working poor, and partial staff costs. | \$20,000 | \$0.00 |
| The Health Trust | Emergency support services to individuals with HIV/AIDS and others who are at the risk of homelessness. Services to include food and motel vouchers, rental and utility assistance. | \$70,000 | \$0.00 |
| Second Start Learning Disabilities, Inc. | Provide rental/mortgage/utility assistance, food, transportation, job training and placement services for homeless, or at the risk of homeless men and women with children. | \$30,000 | \$0.00 |
| City of San José | 3.30% Admin Fee | | \$15,000 |
| TOTAL | | \$794,250 | \$454,756 |



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley

SUBJECT: Response to Questions on the CDBG
Section of the 2004-05 Draft Consolidated Plan
COUNCIL REFERRAL NO: 04-13-04-4.4

DATE: 04-29-04

Approved _____

Date _____

INFORMATION

This memorandum responds to questions and referrals from Councilmembers on the Community Development Block Grant (CDBG) section of the Draft Consolidated Plan (ConPlan) presented to the City Council on April 13, 2004.

Referral: Councilmember Ken Yeager: See if \$31,000 can be identified so that reduction to Project Sentinel's Fair Housing Investigation and Enforcement Services project is reduced by only 16%.

Response: Project Sentinel's Fair Housing Investigation and Enforcement Services project is one of nine projects that are subject to the 20% administrative cap mandated by the CDBG regulations for fair housing, administration and planning projects. In 2004-2005, the City may expend up to \$2,729,200 for these purposes. The total recommendation within this category equals \$2,729,200. Any addition to Project Sentinel's Fair Housing Investigation and Enforcement Services project will have to be a reduction to one or more of the remaining eight projects within the category.

An additional \$21,475 has been identified to mitigate the reduction to Project Sentinel's Fair Housing Investigation and Enforcement Services project. The revised recommendation of \$267,615 is a 19% reduction from the project's current funding level. Any additional reductions to the remaining eight projects within the category will result in reductions in positions or obligated non-personal items such as sign language interpretation services and contracts for expanded environmental review services.

A reduction to 3 projects listed below is the source of the funds to support this revised recommendation for Project Sentinel's Fair Housing Investigation and Enforcement Services project.

HONORABLE MAYOR AND CITY COUNCIL

Subject: Response to Questions on the CDBG Section of the Draft ConPlan

04-29-04

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| <u>Project/AGENCY</u> | <u>Current Recommendation</u> | <u>Change</u> | <u>Revised Recommendation</u> |
|---|-----------------------------------|---------------|-----------------------------------|
| Legal Aid Society Fair Housing Counseling/LEGAL AID SOCIETY OF SANTA CLARA COUNTY | \$125,000 | (\$6,275) * | \$118,725 |
| Strong Neighborhoods Initiative/ Special Neighborhoods Project/ DEPARTMENT OF PBCE | \$336,199 | (\$10,500) | \$325,699 |
| Strong Neighborhoods Initiative Organizing and Implementation Team/DEPARTMENT OF PRNS | \$385,781 | (\$4,700) | \$381,081 |
| Fair Housing Investigation and Enforcement Services/PROJECT SENTINEL | \$246,140 | \$21,475 | \$267,615 |

The reduction of \$6,275 to the Legal Aid Society Fair Housing Counseling project is offset by an increase to Legal Aid Society's Housing Counseling project in the Contractual Community Services (CCS) category. The revised combined recommendation of \$262,794 for Legal Aid Society's Fair Housing Counseling and Housing Counseling projects is an 11% reduction from its current funding level of 294,069.

The reduction of \$10,500 in the Department of Planning, Building and Code Enforcement's Strong Neighborhoods Initiative/Special Neighborhoods Project and the reduction of \$4,700 in the Department of Parks, Recreation and Neighborhood Services' Strong Neighborhoods Initiative Organizing and Implementation Team Project come from the non-personal budget.

Referral: Councilmember Ken Yeager: Provide a comparison of ROHI and FLY showing similarities and differences between the two programs.

Response: A comparison chart is attached.

Referral: Councilmember Ken Yeager: Provide a report from the Office of Economic Development that shows the impact of reduction to the Silicon Valley Economic Development Corporation's (SVEDC) projects.

Response: The Office of Economic Development prepared a response to this referral. In addition to OED's response, PRNS is providing the following information.

In 2003-2004, SVEDC received \$510,131 in CDBG funding, of which \$135,574 was budgeted for loans to clients in the Childcare Loan Program (CLP). The remainder of \$374,557 was budgeted for operating costs.

HONORABLE MAYOR AND CITY COUNCIL

Subject: Response to Questions on the CDBG Section of the Draft ConPlan

04-29-04

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SVEDC requested \$437,481 in CDBG funds for operating costs in 2004-2005. The request includes \$62,400 to fund 80% of 2 additional full time positions to implement an expanded program. The organization planned on assisting 935 clients that would create approximately 175 jobs.

The CDBG Steering Committee's funding recommendation is \$287,481, which is approximately a 23% reduction in funding for operating costs.

To date, approximately \$60,000 of the \$135,574 budgeted for loans have been expended. Of unspent 2003-2004 loan funds in the CLP \$29,760 could be carried over into 2004-2005 and used for operating costs of the CLP. This is the amount of CDBG funds currently earmarked for operating the CLP and would increase SVEDC's CDBG funding for operating costs for 2004-2005 to \$317,241. At this revised level, the recommended funding for SVED is a reduction of approximately 15% of its current funding level, which is consistent with the City's reduction targets for 2004-2005.

Referral: Councilmember Chuck Reed: How are changes to the CBO funding consistent with the Mayor's Budget Message.

Response: The Mayor's March Budget Message stipulates that budget reductions to CBOs that receive General Fund support be applied at generally the same level as reductions to City departments (Mayor's Budget Message, March 17, 2004, #11, page 4). CDBG funds are federal grant funds that are allocated using a competitive process. Annual allocations are awarded based on the evaluation of proposals. Increases or reductions are based on funding strategies that include how the proposed project meets an identified need and City priority. For the 2004-2005 fiscal year, SNI projects that are on the top ten list of a neighborhood's SNI plan were given priority for funding.



SARA L. HENSLEY
Director of Parks, Recreation and
Neighborhood Services

Attachment

**COMPARISON OF FRESH LIFELINES FOR YOUTH, INC. AND ROHI
ALTERNATIVE COMMUNITY OUTREACH, INC. 2003-2004 PROJECTS**

| ORGANIZATION | FRESH LIFELINES FOR YOUTH, INC. (F.L.Y.) | ROHI ALTERNATIVE COMMUNITY OUTREACH, INC. |
|-------------------------|---|---|
| PROJECT | Juvenile Drug Treatment Court Mentoring Program | Youth Empowerment for Employment |
| 03-04 REQUEST | \$91,940 | \$93,350 |
| CLIENTS SERVED | At-risk, very low-income youth in Juvenile Treatment Court for drug/alcohol addiction. | At-risk, low-mod income youth |
| # OF CLIENTS | 30 | 175 |
| AGES | 14-18 | 14-25 |
| WHEN | After school: 2-4 p.m., 3-5 p.m. | Tues-Friday 10-10; Sat 10-5 |
| LOCATION | James Lick H.S, Andrew Hill H.S, Lincoln H.S, & CYO Youth Center. | RACO office @ 2105 Swift Ave, S.J.& James Lick H.S. |
| DESIRED OUTCOMES | 1:1 mentoring with youth to combat drug/alcohol addiction & decrease delinquent behavior. | To improve youth employment retention rates, improve youth skill attainment and increase economic stability of youth. |
| NEEDS ADDRESSED | To provide at-risk underserved low-income youth, involved in the juvenile justice system, adult role models to teach them to live a sober/drug free life & avoid delinquent, destructive behavior. | To provide job readiness workshops, summer employment and the Cisco Certified Network Training Curriculum to low-mod income youth, at-risk of unemployment and delinquent behavior. |
| LEVERAGE | Juvenile Accountability Block Incentive Grant (\$75,000), Agency funds (\$23,111), 30 Adult volunteers, 5 youth volunteers, Office of the Public Defender (space, rent office supplies), Juvenile Probation Dept. (fingerprinting & screening), Sea Horse Ranch, Santa Clara Univ. (social activities). | WIA (\$75,000), James Lick H.S. (facility use), East Valley YMCA (10 youth positions for employment), Unity Care Group (youth referrals), Cisco Systems (240 hours of curriculum). |
| ANALYSIS RATINGS | <u>Needs:</u> High; <u>Outcomes:</u> High; <u>Leverage:</u> Very High; <u>Capacity to Achieve:</u> Very High; <u>Operational Performance:</u> Very High. | <u>Needs:</u> High; <u>Outcomes:</u> Medium; <u>Leverage:</u> Medium; <u>Capacity to Achieve:</u> Medium; <u>Operational Performance:</u> Medium. |
| NOTEWORTHY | Project has received national recognition for its services and, locally, in 2002, F.L.Y. was asked to present its program as a model for Santa Clara County's 22 nd Annual Child Abuse Symposium. Program goals are consistently being met or exceeded. Reports are always timely. | Past program goals have been met. Some reports not submitted in a timely manner. |